



2016 Q3 Results Announcement

7 November 2016

Telepizza: Core Geographies chain sales growth of 5.3% in Q3 2016, driven by an acceleration in International

- Telepizza increases its EBITDA by 12% in first 9 months of 2016
- International delivers 9% like-for-like growth in Q3, its best quarter on record
- 21 net new stores in Core Geographies and 52 more stores refurbished during Q3
- Nick Dutch joins Telepizza as new Head of Digital from Domino's UK

Telepizza Group, S.A. ("Telepizza" or "the Group"), the leading pizza delivery in Iberia and Latin America, today announces the results for the third quarter of 2016.

Financial Highlights

€m (unless otherwise stated)	Q3 2016	Q3 2015	% change	9M 2016	9M 2015	% change
Group chain sales ¹	126.3	121.0	4.4%	378.5	364.2	3.9%
Core ² Geographies chain sales	119.0	113.1	5.2%	356.0	340.8	4.5%
Core Geographies constant currency sales growth (%)			5.3%			6.1%
Core Geographies LFL ³ sales growth (%)			<u>3.2%</u>			<u>4.0%</u>
Spain chain sales	80.1	78.0	2.6%	246.1	236.1	4.3%
LfL sales growth (%)			<u>0.6%</u>			<u>2.7%</u>
International chain sales	46.2	42.9	7.5%	132.4	128.1	3.3%
Core International chain sales	39.0	35.1	11.1%	109.9	104.8	4.9%
Core International constant currency sales growth (%)			11.4%			10.3%
Core International LFL sales growth (%)			<u>9.0%</u>			<u>7.2%</u>
Group Underlying EBITDA⁴	15.1	14.1	7.4%	51.1	45.5	12.4%

¹ Chain sales are own store sales plus franchised and master franchised store sales as reported to us by the franchisees and master franchisees.

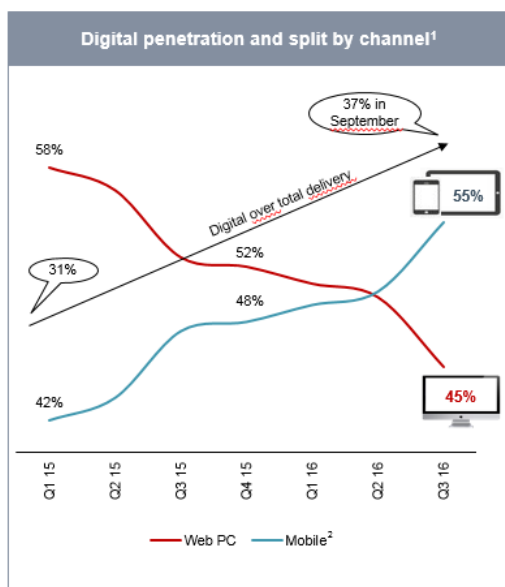
² Excluding Master Franchised sales.

³ LFL growth is chain sales growth after adjustment for the effects of changes in store openings and closures and the effects of changes in the euro exchange rate.

⁴ EBITDA excluding €32m of IPO related costs in 2016.

In the third quarter 2016 (“Q3” or the “Period”), the Group has recorded constant currency chain sales growth of 5.3% in our Core Geographies (excluding Master Franchises), driven by a 3.2% LFL growth, translating into 7.4% Group Underlying EBITDA growth for the Period.

Spain chain sales grew by 2.6% in Q3, supported by 16 new store openings (and 21 overall in Core Geographies) over the Period. As indicated in the H1 Results, the Company has faced a high comparator in Q3, with Spain LFLs in Q3 2015 of 7.2% (the highest since 2007) and in Q3 2016 of 0.6%. Our two-year LFL Spain chain sales growth in Q3 was 7.9%, compared to 6.7% in H1.



Digital sales continue to drive the Delivery channel, accounting for 37% of Delivery sales in Spain in September, with 55% already placed through the App or mobile website. Nick Dutch has been appointed as new Group Head of Digital, effective 1st December. A separate press release regarding his appointment has been published today.

The Non-delivery channel remains subject to competitive pressures, which Telepizza is addressing through a revised commercial policy, new product launches and an acceleration of the Refurbishment plan, with 52 more stores having been refurbished in Q3 at Group level.

In October, Spain LFL sales are growing at a faster pace than previous months, with the initial weeks of the newly launched Barbecue Gourmet pizza producing strong results.

Core International (excluding Master Franchises) chain sales grew 11.4% in constant currency in Q3, with a like-for-like growth of 9.0%, the highest on record for the segment. The performance was strong across all international geographies, with Portugal being the best performing country, supported by a reduction in applicable VAT since 1st July.

Group Underlying EBITDA increased by 7.4% in Q3, driven by sales growth in the International segment, average ticket increases in Spain and operating leverage, partially offset by increased levels of service. As raw material prices already decreased from Q3 2015, there was a lower benefit year-on-year from input prices in the Period, compared to H1 2016.



Commenting on the results, Pablo Juantegui, Chairman and Chief Executive Officer of Telepizza, said:

“I am pleased that Telepizza has delivered its tenth consecutive quarter of growth in Spain in Q3, at a time when our International business is growing at record levels, providing robust and diverse sources for a continued growth of the Group.”

Digital is critical to the growth of our core Delivery channel and I am delighted to welcome Nick Dutch to the Group, as I am confident that he is an excellent fit with Telepizza’s culture and that he will drive the acceleration of our Digital penetration.”

Outlook

In light of the initial results of our new commercial policy in Spain and the strong momentum in International, we expect to deliver total chain sales growth for the full year 2016 towards the upper end of the guidance provided in the H1 Report.

It is expected that our new commercial policy will result in a gross margin contraction in Q4 2016, partially offset by operating leverage, to deliver double digit EBITDA growth for the Group in the FY 2016.

Our full year guidance of 80 net new stores in Core Geographies has risk to the downside, but we expect Q4 to be our most active quarter this year in terms of store openings.



Telepizza Group:

We are the largest non-U.S.-based pizza delivery company in the world by number of stores. Headquartered in Madrid, Spain, Telepizza operates in more than 15 countries through a network of own stores, franchisees and master franchisees, with 1,342 stores globally, including 456 own stores (34%) and 886 franchised and master franchised stores (66%) as of 30 September, 2016.

Including our U.S.-based competitors, we are the fourth largest global player in pizza delivery in terms of number of stores. We are the market leader in our core markets by number of stores (number one in Spain, Portugal, Chile and Colombia and number two in Poland).

The total sales within our network, including own stores, franchisees and master franchisees, are recorded as chain sales, which amounted to €506 million in the twelve months ended 30 September 2016, with an underlying EBITDA of €63.4 million over the same period.

Telepizza listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges with its shares starting trading on 27 April 2016. The total number of shares is 100,720,679.

ISIN: ES0105128005

Symbol: TPZ

Webcast

There will be a webcast and conference call presentation on these results today at 18.00 PM Central European Time (17:00 GMT). To access the webcast, use the link:

<http://event.onlineseminarsolutions.com/r.htm?e=1303862&s=1&k=57E255552EAF23D2C183FE0DD295A233>

To listen by telephone, dial one of the numbers below:

Spain: +34 911140097

Spain (Toll Free): 800300987

UK: +44 (0) 2030092454

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For further information:

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Financial performance

€m (unless otherwise stated)	Q3 2016	Q3 2015	% change	9M 2016	9M 2015	% change	LTM ¹ Q3 2016
Total revenues	83.1	78.2	6.2%	248.7	242.2	2.7%	335.3
Underlying EBITDA²	15.1	14.1	7.4%	51.1	45.5	12.4%	63.4
<i>Underlying EBITDA margin (%)</i>	<i>18.2%</i>	<i>18.0%</i>	<i>0.2%</i>	<i>20.6%</i>	<i>18.8%</i>	<i>1.8%</i>	<i>18.9%</i>
Depreciation and amortisation (excl. PPA amortisation)	(2.8)	(2.8)	0.6%	(8.7)	(7.9)	10.0%	(11.6)
Underlying EBIT³	12.3	11.3	9.0%	42.4	37.5	13.0%	51.8
IPO costs	0.2	-	-	(32.0)	-	-	(32.0)
PPA amortisation	(1.5)	(1.5)	n.m.	(4.4)	(4.4)	n.m.	(5.8)
Net financial income / (expense)	(2.2)	(8.6)	(74.0%)	(19.1)	(27.0)	(29.1%)	(27.6)
Other ⁴	(0.1)	(0.2)	n.m.	(0.2)	(2.0)	n.m.	(1.9)
Profit before tax on continued operations	8.7	1.0	n.m.	(13.4)	4.2	n.m.	(15.5)
Income tax	(1.8)	(2.3)	n.m.	1.0	(6.4)	n.m.	4.6
Results for the period	6.9	(1.3)	n.m.	(12.4)	(2.2)	n.m.	(10.9)

¹ Last twelve months to 30 September 2016.

³ EBITDA excluding €32m of IPO related costs in 2016.

⁴ EBIT excluding €32m of IPO related costs in 2016 and PPA amortization.